

[REDACTED]

CERTIFIED MAIL

[REDACTED]

21 AUG 1986

Gentlemen:

We have considered your application for recognition of exemption from Federal income tax under Section 501(c)(6) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the laws of the State of [REDACTED] on [REDACTED].

The corporation is organized specifically to benefit gay owners of businesses and professional practices, the gay community at large, and those individuals in businesses with a vested interest in the gay community; to assist its members in the development of their businesses and services; to promote its members' role in the economy and social welfare of the Metropolitan [REDACTED] Area; to represent a positive, growth-oriented image of gay business people and professionals and to provide an opportunity to socialize and share common interests, and to foster non-discrimination in the business community of gay people.

Membership is open to any person who has an interest in the program and goals of the Association.

Your activities consist of monthly meetings, a business fair, and a summer and winter party. At the monthly meetings, members are encouraged to patronize the businesses, professions, and services of their fellow members. They are made aware that such services are available from the membership and often discounts and courtesies are extended to one another.

Income is derived from member advertising, membership dues, meeting dues, social events and interest.

Expenditures are for printing, caterer, postage, advertising, legal and miscellaneous.

[REDACTED]

Section 501(c)(6) of the Code provides for the exemption of business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues, which are not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest the purpose of which is to promote such interest. This section also provides that a business league exempt under 501(c)(6) is "of the same general class as a chamber of commerce or board of trade" and "its activities should be directed to improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons."

Revenue Ruling 73-411, 1973-2 C.B. 180 discusses the characteristics of organizations exempt under 501(c)(6), stating that an organization seeking exemption under this section as a chamber of commerce or board of trade must be one whose efforts are directed at promoting the common economic interests of all of the commercial enterprises in a given trade community comprising a broad segment of the public such as a city or similar geographical or political area. A business league or trade association is similar to a chamber of commerce, but serves the common business interests of those in a single line of business, or of closely related lines of business. In either case, membership is voluntary, and open to all businessmen in the community, in the case of a chamber of commerce or board of trade, or to all in the line or lines of business sharing the common business interest in the case of a business league. Benefits are not limited to the membership.

Revenue Ruling 73-411, supra, considered the qualification for exemption under Section 501(c)(6) of a shopping center merchants association. The association's membership was restricted to and required of the merchants who were tenants of a particular shopping center, and the shopping center owner. Its activities included arranging, conducting and publicizing seasonal and other promotional affairs designed to stimulate the overall volume of trade in the center. It was held that, since membership was both compulsory and restricted, and since the organization was composed of owners of various types of businesses (not a line of business) and yet was a closed, non-public aggregation of commercial enterprises not representative of the community, the organization did not qualify as a board of trade, a chamber of commerce, or a business league. It was further held the organization served only the economic interests of its members, rather than the common business interests of a community or an industry. The organization was thus not qualified for exemption.

[REDACTED]

Your membership is limited to gay owners of various types of businesses in the Metropolitan [REDACTED] area. It does not serve to improve business conditions in a single line of business or of closely related lines of businesses; neither is it representative of a trade area of the type served by a chamber of commerce.

Your activities are directed solely to promoting the business and economic interests of your membership, not of an industry.

An organization formed to sell advertising in its members' publications was denied exemption because the activities were found to constitute the performance of particular services for individual persons (Rev. Rul. 56-84, 1956-1 C.B. 201).

An association of the merchants in a particular shopping center whose advertising material contained the names of the individual merchants was denied exemption (Rev. Rul. 64-315, 1964-2 C.B. 147) as was an association created to attract tourists to a local area, but whose principal activity was publication of a yearbook consisting largely of paid advertisements by its members (Rev. Rul. 65-14, 1965-1 C.B. 236).

You have a Buyer's Guide that is designed to assist members in locating and patronizing gay-supportive businesses and professionals. It contains advertisements that consist of a listing of the name and address of the member-advertiser and a description of the product sold or service rendered by the advertiser. Your rates are as follows: quarter page \$[REDACTED]; half page \$[REDACTED]; three quarter page \$[REDACTED]; and full page \$[REDACTED]. You pay members commission for the sale of ads to the Buyer's Guide. Many of your members offer special discounts on goods and professional services when the [REDACTED] membership card is shown. The Buyer's Guide is distributed free to the community at large.

The publication of advertising matter containing listings of the names of individual members constitutes advertising for the individuals so advertised and is thus considered the performance of particular services for such individuals, rather than an activity aimed at the improvement of general business conditions.

We therefore hold that you lack the essential characteristics of a chamber of commerce, board of trade, and/or business league. Accordingly, you do not meet the test of the statute and do not qualify for exemption under Section 501(c)(6) of the Code.

Based on the information submitted, exempt status will not be recognized under any related paragraph of the Internal Revenue Code Section 501(c).

[REDACTED]

Until you have established an exempt status, you are not relieved of the requirements for filing Federal income tax returns.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional office or, if you request, at any mutually convenient District office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

Sincerely yours,

[REDACTED]
District Director

Enclosure: Publication 892